Manitoba

Annual Report 1987 - 88

Agriculture

The Manitoba Water Services Board

89-05938/

Manitoba

Agriculture

The Manitoba Water
Services Board

P.O. Box 1059
2022 Currie Boulevard
Brandon, Manitoba, CANADA
R7A 6A3

(204) 726-6076

The Honorable Glen Findlay
Minister of Agriculture

Sir:

I have the honor of presenting to you the Sixteenth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 1988, together with the financial statements of the Board for the same period.

Yours respectfully,

C.C. Cranston
Chairman
The Manitoba Water Services Board

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The Manitoba Water Services Board

*Chairman
C.C. Cranston
354 Montgomery Ave.
Winnipeg, Manitoba
R3L 1T6

**Vice-Chairman
T.E. Weber
Director
Water Resources Branch
Natural Resources

Members
N.E. Brandson
Director
Environmental Management Services
Environment and Workplace
Safety and Health

F.R. Dennis
Director
Municipal Advisory and Financial Services
Municipal Affairs

G. Jasper
Box 388
Souris, Manitoba
R0K 2C0

* Retired as Assistant Deputy Minister, Manitoba Agriculture, on June 27, 1986, and continues to retain the position of Chairman.

** Retired as Director of Water Resources Branch and Vice Chairman of The Manitoba Water Services Board, March 31, 1988.

The Manitoba Water Services Board

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Se vices Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. It replaced The Manitoba Water Supply Board, taking over all responsibilities of the former Board and continues to own and operate 35 water supply installations in the Province.

The Board is composed of representatives of the Departments of Natural Resources, Environment, Municipal Affairs, and two citizen members. It reports to the Legislature through the Minister of Agriculture.

The amalgamation of The Manitoba Water Services Board and Agri-Water Branch of the Department of Agriculture was completed during the 1983/84 fiscal year. Effective April 1, 1984 all Agri-Water Branch staff and operating budget was transferred to The Manitoba Water Services Board. Since that date The Manitoba Water Services Board has delivered the Agri-Water activities on behalf of Manitoba Agriculture.

Objectives

The Manitoba Water Services Board has the following specific objectives as outlined in the Act:

a) The obtaining of supplies of potable water for domestic and other uses within the province, and the selling of water to municipalities and water districts.

b) The acquisition or construction and the operating and maintenance of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) The transmission of water from a source of supply or a point of storage to a point of acceptance by a municipality or a water district either within or outside the municipality or water district.

d) The acquisition or construction and the operation and maintenance of works for the distribution of water.

e) The acquisition or construction and the operation and maintenance of works for the collection of sewage.

f) The acquisition or construction and the operation and maintenance of works for the treatment and disposal of sewage.

Activities carried out to meet the objectives under:

a) The Board operated 45 water treatment plants and sold potable water for domestic and other uses to various municipalities and water districts.

b) During the fiscal year 1987/88 the Board upgraded six water treatment plants.

b & c) There were 35 water treatment plants constructed by The Manitoba Water Supply Board prior to 1972. These are now operated by The Manitoba Water Services Board. The potable water produced is sold in bulk to the municipalities. In addition nine water treatment plants constructed by The Manitoba Water Services Board under cost-sharing agreements with the municipalities are operated at the request of the municipalities by The Manitoba Water Services Board with water sold in bulk to the municipalities. The Red River Regional Water System, with its treatment plant at Letellier, supplies potable water to Altona, Gretna, R.M. of Rhineland, Letellier, Altona Rural Water Services Co-Op Ltd. and Halbstadt-Marais Water Co-operative.

d, e, & f) In 1987/88 water and/or sewage facilities for 31 municipalities were constructed and turned over to the respective municipalities for ownership and operation.

The Board can enter into agreements with any municipality which has become a "declared area" by order of the Lieutenant-Governor-in-Council, under Section 10 of the Act. Once an application is received and the Board has made the necessary physical and engineering investigations, received financial approval, an Offer is submitted to the municipality for the construction of new works, extensions, and/or improvements to existing works. The works may be owned and operated either by the Board or the Municipality.

After the municipality has received the necessary Municipal Board approvals and the Agreement has been executed, the Board enters into the necessary contracts for design and construction of the works.

The Board also enters into agreements with municipalities and non-profit water utilities (water

districts) for Agri-Water projects when requested. Total project management which includes engineering design approvals, tendering, contract administration and interim financing can be provided utilizing the same procedures followed by The Manitoba Water Services Board for larger municipal projects. Details of these agreements are given under Construction Agreements Submitted and Signed. The details regarding the nature of the total Agri-Water activities and provincial financial contribution is provided in Manitoba Agriculture's Annual Report.

The Manitoba Water Services Board Act requires the Board to fix rates for plants constructed prior to 1972, to recover costs pertaining to the services supplied, taking into account grants for rate stabilization provided by the Province of Manitoba. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ending March 31, 1988, rate stabilization grants totalling $218,747 were paid in respect to the operation of 17 of the plants constructed under The Manitoba Water Supply Board Act.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however, an agreement is long enough to ensure a stable period of operation for the Board works and to guarantee satisfactory water and sewage services to the municipality. In some instances the municipality has requested and the Board has agreed to operate water treatment plants on behalf of the municipality.

In June, 1984, the Manitoba Government introduced a new Grant Formula for The Manitoba Water Services Board which increased the level of provincial funding for most water and sewage works in the province. The new formula is summarized as follows:

1. The share of the capital cost of construction to be assumed by the municipality is set at:

a) for both water and sewage, the capitalized amount which 20 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost. Capital debts on existing utilities are taken into account in the calculation.

b) for sewer systems only, the capitalized amount which 8 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

c) for water systems only, the capitalized amount which 12 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

d) in no instance will the grant on the systems for communities with populations less than 300 be less than 30% of the project cost.

The provincial grant was increased from 50% to 60% of shareable costs for most northern communities which are north of the Northern Affairs boundary. However, since the costs in The Pas are not as great as those in most northern communities the provincial grant was increased from 50% to 55%.

Where solid bedrock is encountered a special grant of 50% of the additional costs related to bedrock is available. The remaining 50% is included as part of the capital costs of the project, for purposes of calculating the communities' "front end" expenses and the provincial grant.

Summary of Services in 1987-88

Preliminary Investigations

Two Municipal Corporations were made "declared areas" and the Board received 54 applications for technical and financial assistance from individual municipalities during the year.

A total of 16 engineering feasibility studies were completed. On the basis of these and previously completed studies, the Board submitted 39 agreements (43 regular budget, 2 Agricultural Area Pipeline, 2 Community Water Source Development Program, and 1 Community Water and Sewer Development Program) as well as 7 amended agreements for the construction of water and/or sewer facilities to municipalities.

Thirty-four agreements (31 regular budget, 1 Agricultural Area Pipeline and 2 Community Water Source Development Program) submitted during this and the previous year, as well as three amended agreements, were signed by March 31, 1988. Estimated costs for these agreements and the dates they were signed are given in the following table:

Construction Agreements Submitted and Signed

during April 1, 1987 to March 31, 1988

		Date Agreement Signed	Estimated Capital Cost of Project
*	Altona Rural Water Services Co-Op Ltd.. (New Hope)	February 10, 1987	$539,000
	Benito (Town)	December 24, 1987	28,000
	Binscarth (Village)	January 25, 1988	20,000
	Birtle (Village)	February 3, 1988	120,000
	Brandon (City)	April 16, 1987	2,500,000
**	Cartier (R.M.) (Elie)	September 23, 1987	43,500
	Coldwell (R.M.) (Lundar A-1)	June 18, 1987	150,000
	Consol (L.G.D.) (Cranberry Portage)	August 19, 1987	480,000
	Ethelbert (Village) (3)	September 2, 1987	21,000
	Fisher (L.G.D.) (Fisher Branch)	June 22, 1987	80,000
	Fisher (L.G.D.) (Fisher Branch A-1)	March 15, 1988	1,156,000
	Franklin (R.M.) (Dominion City A-1)	August 19, 1987	310,000
	Gilbert Plains (Village) (2)	February 8, 1988	136,000
	Gilbert Plains (Village) (1)	May 30, 1987	134,000
	Gimli (R.M.) (Loni Beach)	June 5, 1987	149,000
	Gimli (Town) (A-1)	February 8, 1988	525,000
	Grey (R.M.) (Elm Creek)	August 13, 1987	41,000
	La Broquerie (R.M.) (La Broquerie)	December 23, 1987	946,000
	Macdonald (R.M.) (Sanford and La Salle)	March 3, 1988	2,300,000
	Manitou (Village)	September 18, 1987	116,000
	Minitonas (Village)	February 23, 1988	105,000
	Montcalm (R.M.) (St. Jean Baptiste) (6)	July 8, 1987	190,000
	North Norfolk (R.M.) (Austin and MacGregor)	December 24, 1987	400,000
	Notre Dame de Lourdes (Village) (4)	June 4, 1987	1,280,000
	Portage la Prairie (City)	March 15, 1988	340,000
	Portage la Prairie (R.M.) (Oakville)	December 24, 1987	280,000
	Ritchot (R.M.) (Ste. Agathe)	June 1, 1987	320,000
	Roseau River Tribal Council	June 18, 1987	350,000
	Shellmouth (R.M.) (Inglis)	September 30, 1987	21,000
	Shoal Lake (Village) (4)	February 10, 1987	130,000
	Shoal Lake (Village (3)	February 10, 1987	90,000
	Ste. Rose du Lac (Village) (6)	July 31, 1987	20,000
	Stonewall (Town) (6)	June 5, 1987	160,000
	Stonewall (Town) (7)	June 5, 1987	180,000
	Stonewall (Town) (8)	March 15, 1988	1,250,000
**	Westbourne (R.M.) (Golden Stream)	December 24, 1987	20,000
	Winkler (Town) (6)	July 8, 1987	140,000

* Agricultural Area Pipeline
** Community Water Source Development Program

Design and Construction 1987-88

Water and sewerage project design and construction resulted in a total expenditure of $7.695M, of which approximately $3.289M was contributed by the Province.

Under these provincially funded projects, approximately 22,000 cu. m of earth was moved in the construction of waste stabilization ponds, over 17,000-metres of sewers and 22,000 metres of watermains were installed. In addition, 400,000 litres of water storage capacity was constructed in the form of concrete reservoirs.

Projects Substantially Completed Under Regular Budget were:

		Project Costs	Provincial Grants
Binscarth (4)	Water Supply System	$ 16,955	$ 8,478
Cranberry Portage (4)	Water and Sewer Works	268,464	161,078
Deloraine (2)	Water Supply Upgrading	150,707	75,354
Deloraine (3)	Water Plant Upgrading	42,143	20,121
Elie (2)	Wells, Pipeline and Water Treatment Upgrading	198,805	99,403
Elm Creek (3)	Water and Sewer Extensions	40,086	20,043
Erickson (3)	Water Plant Upgrading	17,598	8,799
Ethelbert (3)	Water Supply Upgrading	12,269	6,135
Fisher Branch (2)	Sewage Collection Works	90,180	41,795
Flin Flon (4)	Water and Sewer Renewals and Upgrading	1,701,966	1,021,179
Holland (3)	Water Plant Upgrading	19,856	9,928
Inglis (3)	Water Plant Upgrading	39,827	19,913
Landmark	Water and Sewer System	830,450	320,069
Lundar (2)	Sewerage Works	344,083	172,041
Lundar (3)	Wastewater Lagoon and Sewer Extensions	138,568	69,284
Manitou (4)	Lift Station Upgrading and Forcemain	91,268	7,382
Oak River	Watermains	20,887	10,443
St. Agathe (2)	Watermain Renewals	313,086	156,543
St. Jean Baptiste (6)	Watermain Renewals	129,444	64,722
Ste. Rose du Lac (6)	Watermain Renewals	20,026	10,013
Stonewall (6)	Upgrading Water Supply System	120,798	60,399
Winkler (4)	Sewerage Works	1,701,280	622,531
Winnipeg Beach (3)	Low Pressure Sewerage System	2,958,999	1,015,362

Projects Substantially Completed under the Agri-Water Program, for which interm financing was provided by the Board.

		Project Costs	Provincial Grants
Altona West	Reservoir – Rural Water Supply System – Pipeline	$111,600	$ 17,985
Altona North West	Rural Water Supply System – Pipeline	744,370	141,190
Elie (4)	Tank Loading Facility	33,005	4,910
Kola	Reservoir and Treatment Plant	117,840	25,017
Loni Beach	Gravity Sewer System	102,970	49,240
Seven Sisters	Water Distribution System	282,410	83,565

Projects Under Design or Construction at Year End were:

Benito (4)	Water Treatment Plant Upgrading
Birtle (3)	Watermain Renewals
Blumenort (4)	Sewer Extensions
Brandon	Sewerage Works
Gilbert Plains (2)	Wastewater Stabilization Pond Expansion
Gilbert Plains (3)	Water Treatment Plant Upgrading
Gimli (2)	Water Supply Upgrading
Glenella	Water and Sewer System
Golden Stream	Tank Loading Facility
Hamiota (5)	Water and Sewer Works
Inglis (4)	Watermain Renewals
La Broquerie	Gravity Sewer System
La Salle (2)	Water Distribution
Macdonald	Water Supply System
Minitonas (5)	Water Treatment Plant Upgrading
New Hope	Watermain Extensions
North Norfolk	Water Treatment Plant for Austin and MacGregor
Notre Dame de Lourdes (3)	Sewage System
Oak River (2)	Watermain Renewals
Oakville (4)	Water and Sewer Works
Pierson	Upgrading Water Supply System
Portage la Prairie (4)	Upgrading Sewerage Works
Roblin (2)	Water Supply System
Red River East Water System	Regional Water Supply System
Sanford (2)	Water Distribution System
Selkirk (3)	Water Supply Works
Shoal Lake (3)	Water Distribution System
Shoal Lake (4)	Sewage Treatment System
Strathclair (2)	Water Treatment Plant Upgrading
Stonewall (7)	Upgrading Lift Station and Forcemain
Teulon (3)	Land for Relocation of Lagoon
Winkler (6)	Upgrading Water Supply System

Previously Constructed Works

On April 1, 1987, the Board operated forty-five water treatment plants of which thirty-five were constructed prior to 1972 by The Manitoba Water Supply Board, now referred to as "Previously Constructed Works". Of these, water rates for twenty-four were at the subsidized level of $5.30 per 1,000 Imperial gallons effective April 1, 1988.

Water rates remained unchanged for Erickson, Russell, Winkler, Rossburn, Ste. Rose du Lac, Benito, McCreary, Somerset, St. Claude and Notre Dame de Lourdes.

When the new water treatment plant at Letellier was commissioned on November 6, 1986, to serve the Red River Region, the operations of the two previously constructed water treatment plants at Altona and Letellier ceased and these areas serviced from the Red River Regional Water Systems. The water rate charged for water supplied from this system effective April 1, 1988 was $4.15 per thousand Imperial gallons.

Newly Constructed Works

Effective April 1, 1988, new water rates were approved for Birch River at $2.75 per 1,000 Imperial gallons. Water rates remained unchanged at Cranberry Portage, Elm Creek, Lac du Bonnet, Plum Coulee, Swan Lake, Grunthal, Miami and Rapid City.

Operations and Maintenance

The Red River Regional Water Supply System was expanded to supply potable water to Dominion City, Roseau River and Altona Rural Water Services Co-Op Ltd.

Plans for major upgrading of six "Previously Constructed" and two "Newly Constructed" water treatment plants were finalized. The water supply works at Birch River, Cartwright, Cranberry Portage, Dominion City, Erickson, Inglis, Reston and Rossburn were upgraded to improve water treatment process and increase pumping rates to meet the demand for potable water.

New water supply wells were constructed under the supervision of Board staff at Ethelbert, Winkler and Rapid City to meet future water demands.

The Board has entered into 29 service agreements with respective towns and municipalities to provide operators for Board water treatment plants.

Sale of Water

Town or Municipality	Consumption 1987-88	Actual Cost of Production per 1,000 I.G.	April 1/88 Selling Price 1,000 I.G.	Type of Treatment
Altona, 1 & 2	92,720,000	$0.00	$4.15	A, B
Altona Rural Water Co-Op, 1 & 2	2,422,000	4.15	4.15	A, B
Argyle (RM) (Baldur)	6,408,000	5.23	5.30	B, C
Benito	7,376,000	3.93	5.20	C
Blanshard (RM) (Oak River)	2,385,000	9.89	5.30	C
Bowsman	4,567,000	9.35	5.30	C
Bulk Tank Loading (Letellier)	3,673,000	4.15	7.50	A, B
Cartier (RM) (Elie)	10,248,000	4.00	5.30	C, D
Cartwright	6,329,000	5.88	5.30	C, D
Consol (LDG) (Cranberry Portage)	17,197,000	0.60	0.60	B, E
Deloraine 4	21,181,000	4.78	5.30	A, B
Erickson	10,239,000	3.29	5.20	B, C, D
Ethelbert	5,457,000	6.18	5.30	C
Franklin (Dominion City)	6,566,000	4.15	5.30	A, B
Gilbert Plains	12,688,000	6.97	5.30	A
Gretna, 1 & 2	11,609,000	4.15	4.15	A, B
Grey (RM) 3	540,000	4.15	4.15	E
Grey (RM) (Elm Creek)	6,178,000	6.36	6.36	Reverse Osmosis
Halbstadt	4,486,000	4.15	4.15	A, B
Hamiota	15,664,000	6.78	5.30	A, B
Hanover (RM) (Grunthal)	14,260,000	1.00	1.00	E
Harrison (RM) (Sandy Lake)	4,753,000	5.28	5.30	C
Lac du Bonnet	30,510,000	0.85	0.85	B, F
Lorne (RM) (Swan Lake)	29,518	0.55/cu. m	0.55/cu. m	E
Manitou	17,767,000	4.41	5.30	A, B
McCreary	11,325,000	3.09	3.45	B, C
Minitonas	6,514,000	13.39	5.30	Reverse Osmosis
Montcalm (RM) (Letellier)	3,116,000	4.15	5.30	A, B
Montcalm (RM) (St. Jean Baptiste)	9,661,000	7.37	5.30	A, B
Mountain (LDG) (Birch River)	3,978,000	2.75	2.75	E
Notre Dame de Lourdes	14,933,000	0.86	1.80	E
Pilot Mound	15,272,000	6.96	5.30	A, B
Pipestone (RM) (Reston)	12,697,000	1.47	3.15	B, C
Plum Coulee	10,388,000	7.70	7.70	A
Rapid City	5,204,000	3.65	3.65	C
Red River Regional Plant	65,647,000	4.15	4.15	A, B
Rhineland, 1 & 2	9,763,000	4.15	4.15	A, B
Ritchot (RM) (Ste. Agathe)	6,072,000	4.74	5.30	E
Rosedale (RM) (Kelwood)	2,534,000	9.29	5.30	E
Rossburn	11,330,000	4.10	3.80	B, C, D
Russell	33,286,000	3.69	4.50	A, B
Silver Creek (RM) (Angusville)	1,592,000	17.05	5.30	C
Somerset	10,322,000	1.65	3.00	E
Ste. Rose du Lac	25,306,000	2.11	4.10	A, B
St. Claude 3	12,163,000	2.18	4.15	E
Shellmouth (RM) (Inglis)	2,530,000	13.71	5.30	C
Strathclair (RM) (Strathclair)	5,991,000	9.51	5.30	C, D
Strathcona (RM) (Belmont)	4,432,000	6.41	5.30	C
Thompson (RM) (Miami)	7,462,000	3.00	3.00	C
Victoria (RM) (Holland)	6,293,000	4.58	5.30	C
Winchester (RM) 4	2,073,000		1.00	NONE
Winkler	165,978,000	1.35	2.80	A, B
Winnipegosis	12,192,000	8.21	5.30	A, B
Woodworth (RM) (Kenton)	3,010,000	14.24	5.30	F

1) Water provided by Neche water supply.
2) Water provided by Red River Regional water supply.
3) Water provided by same water treatment plant.
4) Untreated water delivered directly from water source.

Type of Treatment:

A – Lime soda ash softening
B – Fluoridation
C – Iron and/or manganese removal
D – Zeolite softening
E – Chlorination
F – Coagulation, sedimentation

Manitoba

The Manitoba Water Services Board
Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C, D and E, and Schedules 1 to 3, of The Manitoba Water Services Board for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Service Board as at March 31, 1988 and the results of its operation and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor

October 12, 1988
Winnipeg, Manitoba

Exhibit A

The Manitoba Water Services Board

Balance Sheet

as at March 31, 1988

Assets

	1988	1987
Current assets:		
Cash on deposit with the Minister of Finance Exhibit E, (Note 1(a))	$ 544,870	$ 1,069,817
Accounts receivable	2,574,529	2,373,637
Grants receivable from the Government of the Province of Manitoba — subsidization of construction costs	84,939	134,791
Accrued interest	615,507	636,315
Prepaid expenses	41,552	37,562
	3,861,397	4,252,122
Debentures receivable from municipalities, Schedule 1 (Note 3)	13,198,163	13,801,914
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	1,476,129	1,196,564
Fixed assets; (Notes 1 (e) and 4)		
Works, at cost		
Land and easements	102,744	102,744
Building and equipment	6,599,696	6,599,696
	6,702,440	6,702,440
Less accumulated depreciation	4,091,605	3,913,913
	2,610,835	2,788,527
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (Notes 1 (b) and 5)	732,297	1,260,237
Amortized interest recoverable	4,471	4,783
	$21,883,292	$23,304,147

Approved on behalf of the Board;

Liabilities

	1988	1987
Current liabilities:		
Accounts payable and accrued charges	$ 962,640	$ 1,111,548
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	16,318,452	17,394,246
Debentures — Canada Mortgage and Housing Corporation	2,254,461	2,391,729
Bonds	3,023,000	3,023,000
	21,595,913	22,808,975
Less sinking fund: (Note 1 (f))		
Cash on deposit with the Minister of Finance	754,770	687,515
Investments, at cost, Schedule 3	20,491	28,861
	775,261	716,376
	20,820,652	22,092,599
Interest adjustment fund account Exhibit D, (Notes 1 (c) and 7)	100,000	100,000
	$21,883,292	$23,304,147

The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 1988

	1988	1987
Revenues:		
Sale of water	$ 2,807,174	$ 2,603,550
Interest:		
Municipalities	1,628,826	1,727,955
Sinking funds and funds on deposit (Note 1 (f))	106,106	82,256
Grant from the Government of the Province of Manitoba — subsidization of water rates (Note 5)	218,747	207,204
	4,760,853	4,620,965
Expenditures:		
Interest:		
Advances	1,858,598	2,001,902
Bonds and debentures	450,550	462,203
Audit and other fees	29,076	13,306
Chemicals	482,091	450,738
Depreciation	177,692	133,545
Salaries and benefits	762,016	657,723
Heat, telephone, light and power	317,512	285,734
Repairs and maintenance	268,277	193,170
Water purchased for resale	177,913	218,615
	4,524,725	4,416,936
Interest applied to construction	(291,812)	(468,502)
Interest applied to interest adjustment fund account, Exhibit D	—	29,187
	4,232,913	3,977,621
Excess of operating revenues over expenditures, Exhibit C	$ 527,940	$ 643,344

The Manitoba Water Services Board **Exhibit C**

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5)

for the year ended March 31, 1988

	1988	1987
Balance, beginning of year	$ 1,260,237	$ 1,903,581
Deduct: Excess of operating revenues over expenditures, Exhibit B	527,940	643,344
Balance, end of year, Exhibit A	$ 732,297	$ 1,260,237

Exhibit D

The Manitoba Water Services Board

Statement of Interest Adjustment Fund Account (Note 1(c) and 7)

For the year ended March 31, 1988

	1988	1987
Balance, beginning of year	$ 100,000	$ 70,813
Interest applied — Statement of Operating Revenues and Expenditures, Exhibit B	—	29,187
Balance, end of year, Exhibit A	$ 100,000	$ 100,000

Exhibit E

The Manitoba Water Services Board

Statement of Changes in Cash Position

for the year ended March 31, 1988

	1988	1987
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 527,940	$ 643,344
Items not involving cash:		
Depreciation	177,692	133,545
Amortization of sinking fund bond discount – net	312	24,939
	705,944	801,828
Net change in non-cash working capital balances	(283,130)	357,408
	422,814	1,159,236
Financing activities:		
Construction of facilities for municipalities	(8,646,828)	(9,677,377)
The Government of the Province of Manitoba:		
Grants — subsidization of construction costs	3,531,795	4,868,782
Advances — net	(1,075,794)	696,915
Municipalities:		
Debenture principal repayments	603,751	984,717
Construction expenditure recoveries	4,835,468	5,753,745
The Government of Canada:		
Canada Pension Plan bond repayment	—	(2,954,000)
Construction expenditure refunds	—	(1,688)
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(137,268)	(125,202)
Applied to interest adjustment fund account	—	29,187
Sinking fund payments — net	(58,885)	760,787
	(947,761)	335,866
Investment activities:		
Fixed asset additions	—	(1,041,696)
Increase in cash	(524,947)	453,406
Cash, beginning of year	1,069,817	616,411
Cash, end of year, Exhibit A	$ 544,870	$ 1,069,817

Cash is represented by cash on deposit with the Minister of Finance.

Schedule of Debentures Receivable from Municipalities

as at March 31, 1988

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1988-1998	9.25-11.25	$ 130,165
Village of Benito	1	October 31, 1988-1998	9.80	8,753
Village of Binscarth	1	October 31, 1988-1998	11.25	30,304
Village of Binscarth	1	December 31, 1988-2004	12.75	4,219
Rural Municipality of Birtle	2	October 31 1988-2000	11.25-13.75	136,248
Town of Birtle	2	December 31, 1988-2003	12.625-13.125	237,775
Town of Carman	3	October 31, 1988-1999	9.00-11.25	178,834
Rural Municipality of Cartier	1	October 31, 1988-1995	10.95	100,661
Village of Cartwright	1	December 31, 1988-2004	12.75	20,488
Rural Municipality of Coldwell	2	October 31, 1988-1996	9.80-10.95	107,612
Local Government District of Consol	1	October 31 1988-1996	9.80	45,051
Town of Dauphin	2	October 31, 1988-1996	9.80-10.95	348,399
Town of Deloraine	2	October 31, 1988-1999	9.80-11.25	21,116
Rural Municipality of De Salaberry	2	December 31, 1988-2004	12.625-12.75	83,135
Rural Municipality of East St. Paul	3	October 31, 1988-1997	9.00-10.95	118,478
Town of Emerson	2	October 31, 1988-1998	9.80-11.25	29,092
Village of Erickson	1	October 31, 1988-1994	9.25	4,452
Rural Municipality of Eriksdale	1	October 31, 1988-1996	9.80	5,633
Village of Ethelbert	1	October 31, 1988-1989	11.25	3,090
City of Flin Flon	5	December 31, 1988-2004	12.625-12.75	1,572,844
Village of Gilbert Plains	2	October 31, 1988-1995	9.25-10.95	72,631
Village of Glenboro	1	December 31, 1988-2002	13.125	95,968
Town of Grandview	4	October 31, 1988-1999	9.00-11.25	81,925
Town of Grandview	1	December 31, 1988-2002	13.125	56,285
Village of Gretna	2	October 31, 1988-1995	9.80-10.95	15,027
Rural Municipality of Grey	1	October 31, 1988-1999	11.25	77,389
Rural Municipality of Hanover	7	October 31, 1988-1999	9.00-11.25	326,106
Rural Municipality of Hanover	2	December 31, 1988-2004	12.75	163,198
Town of Hartney	1	December 31, 1988	6.645	8,290
Town of Killarney	1	December 31, 1988-2004	12.75	31,326
Village of Lac du Bonnet	1	October 31, 1988-1997	9.50	214,713
Rural Municipality of Lorne	4	October 31, 1988-2000	9.80-13.75	268,708
Rural Municipality of Macdonald	4	October 31, 1988-1999	9.00-11.25	80,003
Village of Manitou	2	October 31, 1988-1998	9.00-11.25	71,274
Village of McCreary	3	October 31, 1988-1998	9.80-11.25	22,345
Town of Minnedosa	3	October 31, 1988-1999	9.80-11.25	29,482
Rural Municipality of Miniota	1	October 31, 1988-1996	9.80	11,056
Village of Minitonas	1	October 31, 1988-1999	11.25	77,626
Rural Municipality of Montcalm	1	December 31, 1988-1998	12.625	55,675
Town of Morris	2	October 31, 1988-1998	9.00-9.80	127,682
Town of Morris	2	December 31, 1988-2004	12.75-13.125	97,277
Local Government District of Mountain	2	October 31, 1988-1997	9.00-9.80	103,762
Town of Neepawa	1	October 31, 1988-1998	9.80	17,011
Rural Municipality of North Norfolk	3	October 31, 1988-1996	9.25-10.95	85,499
Village of Notre Dame de Lourdes	3	October 31, 1988-1995	9.25-10.95	47,014
Carried forward	93			$5,423,621

Schedule of Debentures Receivable from Municipalities

as at March 31, 1988

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Brought forward	93			$5,423,621
Rural Municipality of Ochre River	2	December 31, 1988-2002	12.625-13.125	27,307
Rural Municipality of Pembina	1	October 31, 1988-1989	11.25	3,250
Rural Municipality of Pipestone	2	October 31, 1988-2002	11.25-13.75	42,060
Village of Plum Coulee	3	October 31, 1988-1999	9.00-11.25	225,346
City of Portage la Prairie	6	October 31, 1988-2000	9.00-13.75	1,576,774
City of Portage la Prairie	1	December 31, 1988-2002	13.125	63,307
Rural Municipality of Portage la Prairie	2	October 31, 1988-1995	9.25-10.95	78,060
Town of Rapid City	1	October 31, 1988-1998	9.80	11,000
Rural Municipality of Ritchot	6	October 31, 1988-2000	9.80-13.75	103,800
Rural Municipality of Ritchot	2	December 31, 1988-2004	12.625-12.75	126,061
Rural Municipality of Riverside	2	October 31, 1988-2000	11.25-13.75	150,475
Village of Riverton	4	October 31, 1988-1998	9.00-10.95	172,552
Village of Riverton	1	December 31, 1988-2002	13.125	16,603
Town of Roblin	2	October 31, 1988-2000	11.25-13.75	262,747
Village of Rossburn	5	October 31, 1988-2000	9.00-13.75	71,148
Town of Russell	1	December 31, 1988-2004	12.75	340,095
Village of Ste. Anne	2	October 31, 1988-1996	9.80-11.25	50,706
Village of St. Claude	3	October 31, 1988-1996	9.80-10.95	41,681
Village of St. Claude	1	December 31, 1988-1999	12.75	14,368
Village of Ste. Rose du Lac	4	October 31, 1988-1997	9.00-10.95	54,832
Village of Ste. Rose du Lac	1	December 31, 1988-2004	12.75	66,017
Town of Selkirk	6	October 31, 1988-2000	9.00-13.75	1,055,312
Village of Shoal Lake	1	October 31, 1988-2000	13.75	149,983
Rural Municipality of Siglunes	1	December 31, 1988-2001	13.125	6,786
Town of Souris	3	October 31, 1988-1998	9.00-9.80	412,846
Town of Souris	1	December 31, 1988-2000	12.75	15,334
Town of Steinbach	3	October 31, 1988-1997	9.00-10.95	68,876
Town of Stonewall	2	October 31, 1988-2006	9.80-10.95	838,859
Rural Municipality of Strathclair	1	October 31, 1988	9.80	6,947
Rural Municipality of Strathcona	2	October 31, 1988-2000	11.25-13.75	39,948
Local Government District of Stuartburn	3	October 31, 1988-2000	9.80-13.75	146,152
Town of Swan River	3	October 31, 1988-1997	9.00-10.95	434,414
Rural Municipality of Tache	3	October 31, 1988-1998	9.00-10.95	22,579
Village of Teulon	1	October 31, 1988-2006	8.00	330,301
Rural Municipality of Thompson	1	October 31, 1988-1996	9.80	110,657
Village of Treherne	2	October 31, 1988-1996	9.80-11.25	120,415
Town of Virden	3	October 31, 1988-1998	9.80-13.75	313,695
Town of Virden	1	December 31, 1988-1998	13.125	15,884
Community of Wabowden	1	August 1, 1988-1995	9.00	162,997
Village of Waskada	1	October 31, 1988	9.25	299
Village of Wawanesa	1	October 31, 1988-1999	11.25	2,421
Town of Winkler	1	October 31, 1988-1996	9.80	17,596
Town of Winnipeg Beach	1	October 31, 1988-1999	11.25	4,052
	187			$13,198,163

The Manitoba Water Services Board **Schedule 2**

Schedule of Capital Debt

as at March 31, 1988

	1988	1987
Advances from the Government of the Province of Manitoba:		
10.720% payable annually April 1, 1988-1991	$ 1,739,956	$ 2,075,000
9.000% payable annually October 31, 1988-1997	1,413,520	1,498,876
9.800% payable annually October 31, 1988-1998	1,608,188	1,688,082
11.250% payable annually October 31, 1988-1999	1,656,224	1,720,785
9.250% payable annually March 31, 1989-2004	985,316	1,101,457
9.800% payable annually October 31, 1988-2006	1,221,806	1,294,070
9.400% payable annually October 31, 1988-2007	37,951	38,599
13.750% payable annually October 31, 1988-2000	2,024,844	2,081,268
13.125% payable annually December 31, 1988-2002	—	593,241
12.625% payable annually December 31, 1988-2003	1,173,092	1,199,260
12.750% payable annually December 31, 1988-2004	1,427,770	1,452,364
9.625% payable annually March 31, 1989-2007	1,156,439	—
Other – payable on demand at bank prime	1,873,346	2,651,244
	16,318,452	17,394,246
Canada Mortgage and Housing Corporation Debentures:		
7.875% payable annually August 1, 1988-1994	54,329	59,960
8.000% payable annually December 1, 1988-1995	42,388	46,051
8.000% payable annually January 1, 1989-1996	25,590	27,801
8.000% payable annually January 1, 1989-1996	32,774	35,607
8.000% payable annually February 1, 1989-1996	34,821	37,831
10.000% payable annually February 1, 1989-1996	66,635	71,872
10.375% payable annually January 1, 1989-1996	86,752	93,450
10.375% payable annually January 1, 1989-1996	19,127	20,604
10.375% payable annually February 1, 1989-1996	63,622	68,534
10.375% payable annually February 1, 1989-1996	41,719	44,939
10.375% payable annually February 1, 1989-1996	48,749	52,513
10.375% payable annually February 1, 1989-1996	99,206	106,864
10.375% payable annually December 1, 1988-1996	100,120	106,605
10.750% payable annually August 1, 1988-1996	46,623	49,583
10,750% payable annually December 1, 1988-1996	28,241	30,034
10.750% payable annually December 1, 1988-1996	12,884	13,702
8.000% payable annually April 1, 1989-1997	10,440	11,208
8.000% payable annually July 1, 1988-1997	614,325	653,235
10.000% payable annually July 1, 1988-1997	24,631	26,016
10.000% payable annually July 1, 1988-1997	17,161	18,126
10.375% payable annually April 1, 1988-1997	99,461	105,904
10.375% payable annually April 1, 1988-1997	88,155	93,866
10.750% payable annually July 1, 1988-1997	129,115	136,055
9.625% payable annually February 1, 1989-1998	58,021	61,358
11.000% payable annually November 1, 1989-2002	409,572	420,011
	2,254,461	2,391,729
	18,572,913	$19,785,975
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
7.26% bond due June 2, 1989	3,023,000	3,023,000
	3,023.000	3,023,000
	$21,595,913	$22,808,975

The Manitoba Water Services Board **Schedule 3**

Schedule of Sinking Fund Investments

as at March 31, 1988

	Interest Rate %	Maturity Date	Par Value	Cost
Debentures:				
Manitoba Hydro Electric Board	6.25	February 1, 1989	$ 26,000	$ 20,491

Notes to Financial Statements

for the year ended March 31, 1988

1. **Significant Accounting Policies**

   (a) **Basis of Accounting**

   The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 20, 1988 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1988. Disbursements from April 1, 1988 to April 20, 1988 for the year ended March 31, 1988 were $520,065 (1987 – $271,106).

   (b) **Accumulated excess of operating expenditures over revenues, recoverable**

   The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

   (A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as the Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

   (B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

   (C) Plant owned and operated by the Board with cost recovery over a 20 year life.

   All operating deficits of plants operated by the Board are recoverable from the municipalities.

   (c) **Interest Adjustment Fund Account**

   The Board maintains a separate fund account balance for interest adjustments.

   (d) **Administration costs**

   The costs related to the administration and general operation of the Board, which amounted to $1,758,381 for the year ended March 31, 1988 (1987 – $1,754,226), were paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

   (e) **Depreciation policy**

   The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b) (A) above and a 20 year term for buildings under (b) (C) above.

   (f) **Sinking fund**

   The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceeding March 31, together with 4% of the balance in the sinking fund at that date.

   Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

Notes to Financial Statements

for the year ended March 31, 1988

2. **Construction in progress Recoverable from Municipalities and the Government of the Province of Manitoba**

The transactions in this account were as follows:

	March 31	
	1988	**1987**
Balance, beginning of year	$ 1,196,564	$ 2,140,026
Construction during the year, Exhibit E	8,646,828	9,677,377
	9,843,392	11,817,403
Recoveries during the year		
Municipalities		
Cash payments received, Exhibit E	4,835,468	5,753,745
The Government of the Province of Manitoba, Exhibit E		
Grants – subsidization of construction costs	3,531,795	4,868,782
The Government of Canada, Exhibit E		
Construction expenditure refunds	–	(1,688)
	8,367,263	10,620,839
Balance, end of year, Exhibit A	$ 1,476,129	$ 1,196,564

Notes to Financial Statements

for the year ended March 31, 1988

3. **Debentures Receivable From Municipalities**

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. **Fixed Assets**

The following is the summary of the Board's fixed assets:

	1988	1987
Land and easements	$ 102,744	$ 102,744
Buildings	5,006,221	5,006,221
Less accumulated depreciation	2,783,564	2,629,262
	2,222,657	2,376,959
Equipment	1,593,475	1,593,475
Less accumulated depreciation	1,308,041	1,284,651
	285,434	308,824
	$2,610,835	$2,788,527

5. **Accumulated Excess of Operating Expenditures Over Revenue (Note 1 (b))**

Concerning plants operated under A only:

The Manitoba Water Service Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1988 rate stabilization grants totalling $218,747 were paid in respect of the operations of 17 of the plants constructed under The Manitoba Water Supply Board Act (1987 – $207,204 respecting 15 plants).

Notes to Financial Statements

for the year ended March 31, 1988

5. **Accumulated Excess of Operating Expenditures Over Revenue** (continued)

	March 31			
	No.	1988 Amount	No.	1987 Amount
Plants operated under A — owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	27	$1,186,612	31	$1,393,630
Plants with an accumulated excess of operating revenues over expenditures	9	(460,039)	5	(178,131)
	36	726,573	36	1,215,499
Plants operated under B — operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	2	8832	1	298
Plants with an accumulated excess of operating revenues over expenditures	7	(168,460)	8	(125,612)
	9	(159,628)	9	(125,314)
Plant operated under C — owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating expenditures over revenues, recoverable	1	165,352	1	170,052
Totals under A, B, and C	46	$732,297	46	$1,260,237

6. **Agreement, Community of Wabowden**

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

Notes to the Financial Statements

for the year ended March 31, 1988

7. **Interest Adjustment Fund Account**

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account.

8. **Capital Authority**

The legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1988 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1988
The Loan Act 1984	$ 2,800,000
The Loan Act 1985	8,500,000
The Loan Act 1987	12,000,000
	$23,300,000

9. **Commitments**

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $8,932,000 as at March 31, 1988 (1987 – $13,289,000). Of this amount, $2,752,000 (1987 – $3,718,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $6,180,000 (1987 – $9,571,000 (to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payment (Note 3).

10. **Litigation**

The Board is involved in a civil suit with regard to one of its sewer projects. As a result of the Board's claim for damages a counter suit has been filed by one of the contractors claiming damages from the Board totalling $199,000. There has been no provision in the financial statements for the claim or counter suit.